

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 IO-11 ISO-00 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00

OMB-01 /109 W

----- 125880

P R 231427Z JAN 76

FM USDEL MTN GENEVA

TO SECSTATE WASHDC PRIORITY 1057

INFO AMEMBASSY BRASILIS

USMISSION EC BRUSSELS

C O N F I D E N T I A L MTN GENEVA 0487

PASS STR ELECRICALLY

E.O. 11652: NA

GDS

TAGSC: ETRD GATT MTN

SUBJ: BRAZILIAN GATT REFORM PROPOSAL

REF: STATE 015338

1. BRAZILIAN DEL (BIER AND BARTHEL-ROSA), CONFIRMING
GENERAL DESCRIPTION REPORTED MTN GENEVA 425, DESCRIBED
PROPOSAL AS FOLLOWS DURING BILATERAL MEETING WITH
US DEL JAN. 22.

A) FOCUS WOULD NOT BE ON SPECIFIC PRODUCTS AND
TRADE BARRIES BUT ON NORMS AND GENERAL TRADING RULES.
IDEALLY GOAL WOULD BE TO ELIMINATE GATT PART IV BUT
WRITE PART IV PRECEPTS IN OPERATIONAL FORM INTO
PARTS I, II, AND III. AT END OF DAY THERE WOULD BE
A SET OF TRADING RULES INCLUDING SOME WHICH APPLY TO
ALL COUNTRIES UNIFORMLY AND OTHERS WITH DIFFERENTIAL
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B) SEPARATE GROUP NEEDED (I) TO SERVE AS SORT OF

"CLEARING HOUSE" FOR GATT REFORM PROPOSALS (FAVORING LDCS) DEVELOPED IN OTHER NEGOTIATION GROUPS, (II) TO GIVE LEADERSHIP ON SUCH PROPOSALS MAKING NO HEADWAY IN OTHER GROUPS, (III) TO INITIATE ADDITIONAL WORK ON NORMATIVE CHANGES. BRAZIL WOULD CONTINUE IN OTHER MTN GROUPS TO PURSUE REFORM PROPOSALS ALREADY TALBED BUT IF, FOR EXAMPLE, SUBSIDY/CVD GROUP BECAME DEADLOCKED BY US-EC DIFFERENCES, NORTH-SOUTH ASPECTS OF THIS ISSUE COULD BE PURSUED AND HOPEFULLY SOLVED IN NEW REFORM GROUP. IF A SATISFACTORY CODE EMERGED FROM SUBSIDY/CVD GROUP (WHERE LDCS PARTICIPATE), THAT WOULD BE SUFFICIENT; IF CODE EFFORT BOGGED DOWN, REFORM GROUP MIGHT WORK UP AN "ARTICLE 6 BIS" AND AN "ARTICLE 16 BIS" TO TAKE CARE OF LDC CONCERNS IN ABSENCE OF CODE.

C) ALTHOUGH BRAZIL SEEMS WORK AGENDA AS PRIMARILY NORTH-SOUTH PROBLEMS, IT IS "FLEXIBLE" ON ADDITION OF OTHER (READ US-TYPE) REFORM TOPICS. (SEE COMMENTS ON SUPPLY ACCESS BELOW.) IT CANNOT VOUCH FOR CONTROLLABILITY OF OTHER LDCS IN GROUP BUT AT LEAST WORK WOULD BE MORE BUSINESS LIKE AND NON-POLITICAL THAN TREATMENT IN NON-GATT FORUMS.

D) THIS PROPOSAL COULD BE CONSIDERED PART OF BRAZILIAN INITIATIVE AT UNGA 7TH SPECIAL SESSION FOR NEW NORTH-SOUTH TRADE AGREEMENT, ALTHOUGH SUBSTANTIALLY LESS COMPREHENSIVE . HOWEVER, IT MIGHT SERVE TO CREATE HARDER CORE OF COMMITMENTS THAN WOULD BE FEASIBLE IN OTHER FORUMS.

E) AS IN UN PROPOSAL, BRAZIL WOULD BE WILLING TO TREAT ISSUE OF SUPPLY ACCESS IN THIS GROUP, IF REPEAT IF OTHER (DEVELOPED) COUNTRIES WISHED TO RAISE IT.

F) GROUP WOULD BE COMPOSED OF ALL MTN PARTICIPANTS. (NO RESPONSE ON QUESTION OF WHETHER NON-GATT MEMBERS HAD RIGHT TO PARTICIPATE IN GATT REFORM).

G) RE G-18 WHILE DISCUSSION THERE COULD HELP FOCUS ATTENTION AND HOPEFULLY MOBILIZE POLITICIAL WILL TO MAKE CHANGES, THAT WAS NOT NEGOTIATING FORUM WHERE THESE SUBJECTS COULD BE PURSUED TO CONCLUSION. THUS, ROLE FOR G-18 WOULD BE MORE CONFIDENTIAL

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SUPPORTIVE AND INSPIRATIONAL.

H) IT IMPORTANT TO AGREE BY NEXT TNC MEETING TO CREATE THIS GROUP, EVEN IF IT WWERE NOT ACTIVATED UNTIL NEXT YEAR. (COMMENT: RATIONALE FUZZY HERE BUT SEEMS TO BE RELATED TO UNCTAD IV, AND VAGUE "POLITICAL" NECESSITIES. N.B.: BRAZILIANS EXPECT NEXT TNC LATE SPRING, I.E., APRIL-MAY. BIER STATED DG LONG HAD MENTIONED LATE APRIL TO HIM).

2. BRAZILIAN DEL EMPHASIZED THAT ITS DESCRIPTION OF GROUP WAS ILLUSTRATIVE. IT QUITE OPEN AND FLEXIBLE TO SUGGESTIONS, MODIFICATIONS, ADDITIONS (I.E., IT QUITE WILLING FOR OTHERS TO HELP IT CREATE AN ACCEPTABLE PROPOSAL). ONLY INFLEXIBLE POINT WAS ESTABLISHMENT IN PRINCIPLE AT NEXT TNC MEETING.

3. STRESSING DESIRE FOR BROADER BILATERAL CONSULTATIONS, DEL MENTIONED IT HAD TRIED TO POSTPONE 7 PLUS 7 SESSION IN ORDER PROVIDE MORE TIME FOR SUCH INFORMAL EXCHANGES BUT FOUND DG LONG INSISTENT ON TODAY'S MEETING. (THIS DESPITE FACT THAT MANY LDC LEADERS, INCLUDING BRAZILIAN AMB. MACIEL, HAVE ALREADY LEFT FOR MANILA UNCTAD IV MEETING). WALKER

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